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**VERIFIED STATEMENT
OF
JOSEPH E. WOJCIK
on behalf of
CELANESE CHEMICALS**

Madam Chairman, my name is Joseph E. Wojcik. I am the Director of Order Fulfillment for Celanese Chemicals with an office in Dallas, Texas. In this capacity, I am responsible for all activities from the taking of orders from our customers to the acceptance of cash for those orders including customer service, credit, all load and ship activities, and all modes of distribution, including the railroads. I have responsibility for modes of distribution for our products throughout North America and Asia. I have held this position for 4 years and have been employed by Celanese for 21 years.

Celanese Chemicals is a business of Celanese AG and is a manufacturer of over 200 basic chemical products that are used as intermediates for the manufacture of products ranging from adhesives and resins for the building industry to super absorbent polymer for baby diapers. We have manufacturing facilities throughout Texas in Pampa, Pasadena, Bay City, and Bishop. We also have manufacturing sites in Bucks, Alabama, Portsmouth, Virginia, Edmonton, Alberta, Canada, Celaya and Congrejera, Mexico, and Singapore. We ship from our manufacturing sites to our customers that are located all over the world. However, more pertinent to this hearing, Celanese ships over 20,000 railcars of product a year throughout North America using all of the Class I railroads including Burlington Northern Santa Fe, Union Pacific, Canadian National and Canadian Pacific.

Summary

A truly competitive railroad market can only be achieved by some form of equal access to commercial rail lines by all qualified railroad companies. However, separate from this system change, more railroad mergers at this time is not prudent because the railroad companies and the shippers need more time to resolve the still pending issues from previous mergers.

Systemic Changes Required

Celanese requires our suppliers, just as our customers require us, to provide high-quality, reliable, cost-effective service. Such service is only obtainable in a competitive environment. The railroad industry in the United States is not truly competitive. The Surface Transportation Board ("STB") is concerned with whether more rail consolidations are good or bad. However, the real issue is not how many railroad companies are available to compete, but rather, how many rail companies have competitive access to any specific shipping facility. For example, it is irrelevant that there are six (6) Class I railroad companies in North America, if Celanese's Pampa, Texas manufacturing site has access to only one (1) of those companies.

True competition must be achieved in the rail industry in order for shippers like Celanese to receive acceptable service and not to be held hostage by "franchises" as they are known in the rail industry So the question is how do we achieve true competition in the rail industry. The answer is some form of equal access to existing commercial railroad lines. If each qualified railroad company had access to every line in the United States, then true competition could be achieved and the quality of service would increase. There are many issues that need to be resolved before equal access can be achieved (too many to discuss here today), but none of them are insurmountable. Some key components of equal access, as Celanese views it, include (a) equal access to existing and future commercial rail lines by all qualified railroad companies, and (b) compensation (e.g., reasonable maintenance and unrecovered capital) to the railroad owner for use of its rail lines by other companies. There are many actual examples, both recent and in the past, were industries have been converted from a monopolistic to a competitive industry. Examples include the telephone industry, the Canadian railroad system and more recently the electricity industry. All of these provide guidance as to how a competitive environment can be created.

Truly competitive industries produce high-quality, reliable, cost-effective services. For example, in the commodity chemical industry it is often very difficult to distinguish your product from another producer's product. A chemical producer has to offer a competitive price and provide 'something else' better than its competitor. That 'something else' may be (a) faster movement of product from the manufacturing site to the customer, or (b) better understanding of how our product relates to the customer's business, or (c) surety of supply. Similarly, if each qualified railroad company has the potential to obtain business anywhere in the United States, that business potential will create an environment where a company has to differentiate itself from the others with high-quality service and competitive pricing.

In order to provide the necessary services to compete, the existing companies, and perhaps new companies, may need to operate differently. For instance, a company may need to restructure its organization to be more efficient and therefore competitive. Or perhaps, a company may need to merger with another company to fully achieve such high-quality service. Whatever the mechanisms used to achieve better service, our focus today should be on creating a competitive environment and not solely on whether any particular merger is acceptable. All that Celanese and other shippers are asking for is a competitive environment in the railroad industry. There is nothing inherent to the railroad industry that would exempt it from competition. The market should drive the quality and price of services and the companies that choose to participate in the market must adapt in order to compete.

Dealing within the Current System

Although there are certain areas in the United States where there is some competition in the railroad industry, there is and can be no true competition in the current system of "franchises" or "local monopolies". That being the case, a reduction in the current number of railroad companies can only decrease competition. With a decrease in competition, the incentive to the remaining railroad companies to provide high-quality, reliable, cost-effective service is similarly decreased.

One thing is certain, at this point in time, if there are more consolidations in the U.S. railroad industry, the quality of service will suffer. For example, since the merger of Union Pacific and Chicago and Northwestern; the Burlington Northern and Santa Fe merger; the Union Pacific and Southern Pacific merger; and the Conrail purchase and subsequent split by NS and CSX, the quality of service provided to Celanese has decreased considerably. Approximately twenty percent (20%) of Celanese's overall cost of goods sold has been negatively affected. These railroad mergers have resulted in millions of dollars of additional cost for Celanese. Each merger has been accompanied by the promise to shippers that an increase in reliability, capacity, productivity and quality of service will result. However, to-date, our transportation cost has increased substantially due to past rail mergers. To be clear, someone pays for this efficiency loss and increased shipping costs. Either the cost are absorbed by the shipper or ultimately passed along to the consumer. In any event, continuing along this path is clearly bad for the consumer.

Before the STB allows any mergers or consolidation in the railroad industry, the railroad industry needs to be allowed to resolve the post-merger issues that continue to linger on. If consolidation and mergers are truly cost-effective, that fact should be reflected in the shipper's total cost of shipping. To-date, Celanese has not experienced any such efficiencies as a result of the past mergers and consolidations. Our hope is that this could change. However, our fear is that even with more time, the non-competitive environment in the railroad industry will result in a continuation or even worsening of the present situation.

Conclusion

A fundamental systemic change is required to ensure competition in the railroad industry. Each qualified railroad company must have equal access to the existing commercial railroad lines in the United States. Only such equal access will provide the necessary and overdue competition in the railroad industry. Increased quality of service along with competitive pricing flows naturally from true competition. It appears to Celanese that we have merely stated the obvious. These free market concepts are well proven, simple and fair. Therefore, we can not imagine, when viewed objectively, how anyone could come to a different conclusion.

In any case, whether a system change is made or not, today is not the right time for another merger in the rail industry. The railroad companies and the shippers need more time resolve the still pending issues from previous mergers.

Thank you for the opportunity to share with you the thoughts that Celanese and I have about this very important issue.